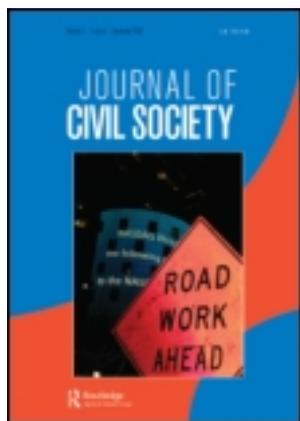


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## Journal of Civil Society

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rcis20>

### Organizational Homophily in International Grantmaking: US-Based Foundations and their Grantees in China

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Available online: 22 Sep 2011

To cite this article: Anthony J. Spires (2011): Organizational Homophily in International Grantmaking: US-Based Foundations and their Grantees in China, Journal of Civil Society, 7:3, 305-331

To link to this article: <http://dx.doi.org/10.1080/17448689.2011.605005>

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# Organizational Homophily in International Grantmaking: US-Based Foundations and their Grantees in China

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**ABSTRACT** *Extant research on US foundations has found a generally conservative tendency towards support for professionalized non-governmental organizations (NGOs) rather than for potentially more radical grassroots organizations. Yet, the scholarly literature has had little to say about the decisions that grantmakers make when looking for grantees outside the USA. This article analyses data on over 2500 grants made to China between 2002 and 2009 to show that despite funders' rhetorical emphasis on NGOs and civil society organizations, in reality, the vast majority of funding has gone to government-controlled organizations, including academic institutions, government agencies, and government-organized NGOs. To help explain this gap between funder rhetoric and actual grantee choices, I draw on participant observation data and in-depth interviews with US-based donors and grassroots NGOs and argue that we can best understand the dynamics at work as a kind of 'organizational homophily', a process in which the personal preferences of large, elite-led US funders and institutional pressures from both China and the USA converge to systematically disadvantage grassroots NGOs.*

**KEY WORDS:** China, civil society, globalization, philanthropy, non-governmental organizations, homophily

## Introduction and Overview

In a system of international grantmaking characterized by uncertainties over effectiveness and made problematic by differences in national regulatory structures, culture, and language, how do philanthropic foundations identify grantees to whom they can entrust their monies and ultimately the fulfilment of their mission?

This article addresses this question and aims to explicate why grantmakers who rhetorically favour non-governmental organizations (NGOs) and civil society organizations

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would choose, in practice, to direct the overwhelming majority of their funding towards government-controlled groups. Examining Chinese grantees of US-based foundations between 2002 and 2009, I show that despite US foundations' rhetoric, very little of their grant monies has gone to China's independent, grassroots NGOs. To make sense of these choices, I integrate an analysis of institutional constraints in China and in the USA, a critical consideration of the role of elites in American philanthropy, a mapping of funding flows from the USA to China between 2002 and 2009, and participant observation and in-depth interviews with US-based donors and grassroots NGOs in China. This broad-based analysis suggests that the matching of donors and grantees is indicative of a kind of 'organizational homophily', a process in which the personal preferences of elite-led US funders and institutional pressures from both China and the USA converge to steer foreign financial support towards elite-led bureaucratic organizations controlled by the Chinese government and away from truly grassroots NGOs.

The article is structured as follows: First, I consider the extant literature on foundation grantmaking preferences within the USA and abroad and provide a fuller introduction to the concept of organizational homophily. I then provide a brief overview of civil society development in China. From there, I present a series of data detailing funding flows from US-based foundations to their Chinese grantees between 2002 and 2009. To illustrate how the dynamics of organizational homophily work at the ground level, next I draw on participant observation data as well as in-depth interviews with grassroots NGO participants and grantmakers. By way of conclusion, I suggest some implications of this study for broader research on international grantmaking.

### **Grantmakers and their Choices in Grantees: What we Know**

As many scholars have noted, since the end of the Cold War, US-based funders have increasingly favoured NGOs and 'civil society' in their international grantmaking programmes (Aksartova, 2009; Jalali, 2008; Vogel, 2006). Slocum (2009, p. 144) described how foreign foundations, bilateral aid agencies, and multilateral donors working in former Soviet states 'make a prominent emphasis of their support for civil society and funding for NGOs as agents for the development of civil society'. In Bosnia and Herzegovina, international funders have sought to bring about long-term peace and ethnic reconciliation through support for civil society (Belloni, 2001). In India, between 1985 and 2005, the number of NGOs receiving foreign financial contributions grew from 3612 to 18,540, with the annual amount of foreign funding increasing 24-fold over the same period (Jalali, 2008, p. 170). An increasing number of foreign and domestic NGOs across Africa benefited from the philanthropic largesse of official and private aid organizations starting as early as the 1980s and growing dramatically through the 1990s (Manji & O'Coill, 2002). In Russia and Kyrgyzstan, foreign foundations have invested heavily in nurturing nascent NGOs and domestic foundations where they did not previously exist, training domestic activists into the ways of the 'Western grant economy' and socializing them into donors' worldview so as to make them conversant 'in the Western conceptual vocabulary of active citizenship, democracy, and civil society' (Aksartova, 2009, p. 168).

On the surface, foreign donor interest in China is no exception to this broader global trend. NGOs and civil society play a central role in the rhetoric employed by many of the grantmakers who make grants to China. The mission statement of the Annenberg Foundation, for example, says that it 'provides funding and support to nonprofit

organizations in the United States and globally'.<sup>1</sup> The Gates Foundation says that its 'funding for HIV prevention in China supports both governmental and nongovernmental programs . . .'.<sup>2</sup> The Alcoa Foundation says that it supports 'projects and partnerships with NGOs around the world'.<sup>3</sup> The Ford Foundation says that the values promoted by its Beijing office include 'a focus on poor and disadvantaged groups; An emphasis on participation as a core value that promotes community-based empowerment; A commitment to a rights approach; Support for civil society; Respect for diversity'.<sup>4</sup> In pursuit of these values, Ford's China operations are charged with mobilizing 'the creative potential of all of China's citizens, including those engaged in emerging non-government organizations, in meeting the challenges facing the country'.<sup>5</sup>

Yet, exactly what sorts of 'NGOs' are considered suitable choices for financial support from grantmakers? Although broad-based empirical studies are scant, there is a general understanding that US-based foundations tend to be conservative in their choices of grantees whether at home or abroad. Prewitt (1999), in analysing the historical development of American foundations, has argued convincingly that rather than being agents of major cultural change, throughout the twentieth century, private foundations in the USA acted as 'mirrors of culture' that responded to already-underway changes in the American political and cultural landscape. Jenkins (1998) found a similar dynamic, showing how US foundations making grants at home have tended to keep radical organizations at arm's length while supporting hierarchical and professionalized grantees that can work *with* existing institutional structures to push for change.

Carothers and Ottaway (2000) have argued that donors working overseas prefer professionalized NGOs as grantees because professionalized organizations:

have, or can be trained to have, the administrative capabilities donors need for their own bureaucratic requirements. They can produce grant proposals (usually in English), budgets, accounting reports, project reports, and all the other documents donors ask of beneficiaries. In contrast, many other types of organizations within the civil societies of developing countries, especially informal associations, social movements, and other kinds of networks, are not set up to be administratively responsive to donor needs. (p. 13)

Stacey and Aksartova (2001), in their study of a half-dozen US donors active in South Africa, also described a similar bias towards established, professionalized NGOs. Drawing on extensive research in Russia and Kyrgyzstan, Aksartova (2009, p. 160) has argued that 'the rise of the post-Soviet nonprofit sector has been driven almost exclusively by Western donors—with the most prominent role played by American foreign aid and philanthropic foundations, which operationalized the promotion of civil society as the promotion of NGOs'.

Such work notwithstanding, extant literature has had little to say about *how* US funders choose their foreign grantees. What Anheier and Daly (2004, p. 158) noted in 2004 is still generally true today, that 'little is known about transnational philanthropic foundations in an era of globalization. Their scale and scope, and above all their distinct role and contribution, if any, have not been systematically explored'. Of the literature that does exist, much of it carries a strong normative tint or is geared towards development practitioners and not towards social scientists (Tvedt, 2006). The current study is an attempt to fill in some of these empirical and theoretical gaps by exploring both *who* the recipients of US grantmaker largesse are and *how* those grantmakers choose their grantees.

### Organizational Homophily

The concept of organizational homophily as developed here has two dimensions—institutional and natural. The institutional dimension refers to the institutional structures and constraints at work on both the US and Chinese sides that serve to drive US grantmakers into the arms of government-controlled organizations and away from grassroots groups. What I call the ‘natural’ dimension highlights elite preferences and comprises an important partner element to these institutional constraints.

The phenomenon of homophily has long been observed by sociologists. To date, however, it has been used almost exclusively to refer to interpersonal relationships and not to inter-organizational relationships. McPherson, Smith-Lovin, and Cook (2001, p. 416), in their review of the literature, defined homophily as ‘the principle that a contact between similar people occurs at a higher rate than among dissimilar people’. Drawing mainly upon studies conducted in the USA, their review demonstrates that ‘people’s personal networks are homogenous with regard to many sociodemographic, behavioral, and intrapersonal characteristics’ (McPherson, Smith-Lovin, & Cook, 2001, p. 415), an understanding usefully applied to analyse the structure of founding teams (Ruef, Aldrich, & Carter, 2003) and other social groupings.

Such studies build on the earlier work of Lazarsfeld and Merton (1954), who argued for two types of homophily, *status homophily* and *value homophily*. Status homophily includes race and ethnicity—particularly salient aspects of marriage, friendship, and (especially in the 1950s) workplace connections—as well as gender, age, religion, and other characteristics that one is both ‘born with’ and which are ascribed by others or developed by choice. Value homophily, the ‘arena where most people spontaneously recognize that similarity breeds fellowship’ (McPherson, Smith-Lovin, & Cook, 2001, p. 428), includes the sorts of outlooks, attitudes, and beliefs that people share in friendships and political affiliations.

What I propose here is that by expanding the concept of homophily to include organizational connections, we can gain insight into what happens when powerful grantmaking institutions enter into a new, foreign environment looking for partners to help fulfil their missions. In the sections that follow, I flesh out the meanings of and processes driving organizational homophily in international grantmaking, first focusing on the institutional context in which grantmakers operate and then turning to a discussion of elite–elite dynamics in the grantmaking process.

#### *Domestic Legal Constraints on US Grantmakers*

Institutional forces contributing to organizational homophily from the US side are found in the structuring of the US tax code. Regulation of private organizations in the USA is quite loose compared with that in many countries. Generally speaking, the main reason a non-commercial organization would be motivated to register with the US government is to obtain official recognition as a non-profit organization. Non-profit status exempts an organization from paying many taxes, and it also allows individuals or corporations who give it donations to deduct the value of those donations from their own tax obligations.

There are many classification categories for non-profit organizations in the USA. Organizations such as the Ford Foundation are registered as ‘private foundations’ and

are required by law to spend at least 5% of their assets annually on causes to benefit the public good. Private foundations that make grants to overseas recipients are further required to either establish that the grantee is the equivalent of a US public charity or to exercise 'expenditure responsibility' over any grantee that cannot be deemed equivalent to a US public charity or private operating foundation.

To establish that a potential overseas grantee is the equivalent of a US charitable organization, there are several steps a funder must follow. In addition to obtaining an affidavit stating that the potential grantee is equivalent to a public charity or a private operating foundation, the funder must gather a set of documents (in English) that includes the organization's charter, a description of its activities, legal regulations or charter provisions for dissolution, and financial statements detailing its sources of support and expenditures (Internal Revenue Service, United States Government, 1992). If a review of the organization's documents reveals that it would fail to meet the standard of equivalency, then the foundation must exercise 'expenditure responsibility' over the grantee. To do so, the funder must 'undertake a pre-grant inquiry with reasonable determination that the intended grantee is capable of fulfilling the charitable purposes of the grant', detail in writing how the grant monies will be spent, and meet certain other documentation requirements (Council on Foundations [COF], 2006a).<sup>6</sup>

However, if a US-based funder is not classified as a private foundation, but, for example, as a public charity, it is not held legally to these stringent requirements. For example, the Asia Foundation is classified by the Internal Revenue Service (IRS) as a public charity and is, therefore, less constrained by law in its overseas grantmaking activities. The National Endowment for Democracy (NED), likewise, is not a private foundation. These two organizations, however, receive a substantial amount of funding from the US government through annual Congressional appropriations and, in the case of the NED, from the US Department of State. Because they are spending American taxpayer dollars, they are subject to potential public scrutiny through mechanisms such as the Freedom of Information Act and the Office of Management and Budget. That being the case, they need to keep thorough records of how all their money is spent should they be called upon (by Congress or others) to prove that their non-profit status is not being abused by sending money abroad to non-charitable causes.

In advice to its public charity members interested in grantmaking overseas, the Council on Foundations says 'International grantmaking requirements for public charities are significantly less onerous than those for private foundations, yet public charities still have a fiduciary duty to ensure that grant funds are used exclusively for charitable purposes. *Although they are not required to do so, most public charities follow the grantmaking rules for private foundations*' (COF, 2006b, emphasis added).<sup>7</sup> The end result is that US law structures donors' options so that they are strongly averse to funding non-professionalized foreign grantees that cannot readily produce the sort of charter, financial statements, and proof of legal registration as a charity that the IRS expects.

#### *Chinese Legal Constraints on Foreign Foundations and Domestic NGOs*

In China, foreign grantmakers are obligated to establish 'representative offices' in accordance with the 'Regulations on Foundations' promulgated in 2004.<sup>8</sup> Among other

registration requirements, foreign foundations must find a government agency that is willing to act as a ‘supervisory agency’ (*zhuguan danwei*). In practice, this has proved extremely challenging for most foreign foundations, and as of the end of 2008, only 13 such foreign foundations had been granted approval.<sup>9</sup> Even the Ford Foundation, active in China since the late 1980s, operates only under a memorandum of understanding with the Chinese Academy of Social Sciences. Fears of a ‘colour revolution’ spreading to China from Eastern Europe and Central Asia put foreign foundations under special scrutiny in early 2005 and for several years afterwards (Pan & Dai, 2005; Wilson, 2009; Zhao, 2006). Although I know of no US foundations that have been actively routed from China, most operate in a legal grey zone that puts them at risk of being branded ‘illegal organizations’, a fragile status that encourages them to remain in the good graces of the officials with whom they interact.

The institutional constraints on domestic NGOs are informed by the party-state’s deep hostility towards any potential alternative source of political organization. The legal requirements for registration set by the Chinese government are, in practice, prohibitively stringent for most grassroots NGOs that wish to become properly registered legal entities. To illustrate this point, here I take as an example the category ‘social organization’ (*shehui tuanti*), which is arguably the most commonly recognized form of legally authorized NGO in China.<sup>10</sup> The requirements to register as a social organization include establishing a board of directors, putting up a deposit of 30,000 *yuan*, obtaining numerous documents from various government agencies, and finding a supervisory agency. Fulfilling these requirements not only awards legal status to Chinese NGOs, but, in general, will also satisfy the basic outlines of a non-profit organization necessary to obtain ‘equivalency’ status in the eyes of US-based grantmakers and regulators.

In practice, many grassroots organizations find the ‘supervisory agency’ hurdle virtually impossible to overcome and thus either register as businesses—a much simpler process—or forgo any type of legal registration whatsoever (Spires, 2011).<sup>11</sup> A recently concluded study of 300 NGOs conducted by myself and colleagues at the Chinese University of Hong Kong’s Centre for Civil Society Studies found that almost half were *not* registered as ‘proper’ NGOs. Although the official number of registered NGOs has increased steadily over the past decade—up to 431,000 at the end of 2009 (Ministry of Civil Affairs, China, 2011)—most scholars, grassroots NGO leaders, and even government officials believe the vast majority of these to be government-organized NGOs (GONGOs).

Despite the reported growth of GONGO numbers and the creation of rules for registration of domestic and foreign organizations, in looking at civil society in China, it would be unrealistic to claim that there is currently a coherent ‘organizational field’ of the sort identified by DiMaggio and Powell (1983) in other contexts. As in many other areas of Chinese society, the formal and informal rules governing Chinese NGOs and foreign grantmakers in China are unclear, flexible, and constantly on the verge of changing. Since at least 2002, there have been continuous reports in the government-controlled press about a new set of NGO regulations that would make it easier for NGOs—both local and foreign—to register with the government. Despite almost annual reports that these new regulations would be released ‘by year’s end’, in early 2011, they had still not been officially promulgated. Furthermore, current regulations are subject to wide interpretation and not always held as binding even by official agents of the Chinese government (Spires, 2011).

Nonetheless, when taken as a whole, the regulatory structures and dominant practices governing NGOs and grantmakers in the USA and in China serve to constrain the range of options that US-based donors see when they arrive in China. Rather than invite expensive audits from a sceptical US tax agency and risk the ire of the Chinese government by supporting ostensibly illegal and perhaps politically suspect grassroots NGOs, US grantmakers are encouraged by the systems in which they operate to support government-approved choices in China, namely GONGOs, academic institutions, and government agencies themselves.

*Elite Dynamics and the Natural Dimension of Organizational Homophily*

As I shall illustrate later in this article, participant observation and interviews with grantmakers and NGO participants suggest that the regulatory environment is only one factor that contributes to a bias against grassroots groups. Another is that funders' own personal backgrounds drive them to look for their 'natural' counterparts in the halls of power, academia, and GONGOs. It is in such organizations that US elites believe that they will most readily find competent, amenable partners.

Given the historical context in which the modern American foundation emerged, that US grantmakers would evidence a preference for elite-led grantees with broad or even national influence is perhaps unsurprising. From the early efforts of Rockefeller and Carnegie to address the 'root causes' of social ills in the USA, American foundations have supported universities, research organizations, and other elite-led institutions (Karl & Katz, 1981). Moreover, that elites comprise the major forces shaping the policies and priorities of American foundations is of little dispute. Karl and Katz (1987) have shown that from its very beginnings, the modern American foundation has sought to incorporate and derive guidance from the input of academic, corporate, and political elites:

The relationship between trustees and staff evolved differently in each of the first foundations: Russell Sage, Rockefeller, and Carnegie. Yet broad similarities existed, at least in the communities from which trustees and staff were selected. Leading figures from law, banking, and academia continued to provide the trustees for foundations, while protégés selected from the graduating classes of Eastern private colleges joined the growing staffs. The latter, usually recommended by college presidents, were part of the network from which foundation presidents were chosen; they made a practice of culling promising individuals from each graduating class. One does not have to search for an elite in all such practices; it was clearly there. (p. 30)

The natural dimension of organizational homophily thus involves people—the people who lead and staff organizations on both the grantmaker side and the grantee side. The proposition is this: When funders leave their home country and come to China (and presumably many other countries), they face what they perceive to be a huge cultural gap and immense language barriers. In these situations, it is easier to overcome the obstacles involved by seeking out organizations and individuals that at least look similar to 'us'. Because funders generally represent bureaucratic organizations of professionalized elites with high levels of education and social, economic, or political influence, their

‘natural’ partners in China are people of similar backgrounds in similarly professionalized, bureaucratic, elite-led organizations.

One foundation representative with over 20 years’ experience working in the USA–China foundation world put it in the clearest possible language:

The elite-to-elite chemistry is very, very true out there. I’m trying to be a good matchmaker at times, and I’m at fault with that, too. With certain kinds of US-based operating INGOs looking for particular contacts in China, they’ll say . . . ‘We speak the same language . . .’ You hear this again, and again, and again. And when they say this it indicates a certain level of education and exposure. . . Most of the time it means, ‘They think like we do. They’ve had exposure to the West. And they’ve learned to see things from our perspective’.

Aksartova (2009) documented a similar phenomenon occurring when Western donors entered Russia and Kyrgyzstan to find NGO partners (or create them), with the goal of developing civil society:

Each side seeks out ‘people like us’. Donors look for people and organizations that espouse modern values associated with Western democracy and behave in a manner comprehensible to Westerners . . . Besides, people working at donor and at recipient organizations are in many ways quite alike. Both groups come from the professional class in their respective countries . . . While the collapse of the state’s economic support in those areas foreclosed career opportunities carrying living wages for many people in the post-Soviet educated elite, the arrival of foreign aid created opportunities that some of them are able to take advantage of by, among other things, forming and working in NGOs. These were also the people most likely to speak English, an essential skill for gaining access to and establishing relations with American donors when they first set foot in Moscow and Bishkek (p. 169).

As China is still an authoritarian state controlled by a communist party, new entrants into the country have looked to where they can most readily find people ‘like us’—namely in government agencies, academic institutions, and GONGOs, all of which are run by Chinese elites. The importance of this perception of mutual recognition was driven home by an American foundation representative who, after a trip to China meeting with intellectuals, government officials, and GONGO leaders in Beijing, commented that ‘I just felt more comfortable with the people in Beijing’ than with the mostly grassroots leaders met elsewhere.

As in Aksartova’s studies, donors coming to China are drawn to academic institutions under the assumption that this is where they will find open, progressive minds amenable to their agendas—building civil society, reforming the legislative process, empowering women, or some other ‘development’ cause. They are drawn to government agencies out of a desire to be politically cautious and not to rock the boat too much so that they will not be thrown out of China. In government agencies, they seek out progressive individuals whom they believe might share their goals and values. They are drawn to GONGOs—often staffed by government officials and academics—because of the perception that these are ‘within the system’ and—or therefore—quite effective in carrying out development work.

On a personal level, they find the people in these organizations, on the whole, surprisingly easy to talk to. And, better yet, many times, the Chinese people whom they meet in these organizations speak English quite well. Some of them have studied abroad and can provide them insight into China. Or perhaps, they tell interesting personal histories of adversity and achievement that have led them to occupy the positions they do—achievement by effort, which can engender great respect in the eyes of many Americans. In short, with ‘people like us’, the perceptions of similarity are strong enough and the apparent barriers to communication are low enough to result in a ‘natural’ kind of attraction at the personal level. This attraction naturally extends to and reinforces relations between the organizations that each party represents.

In the following section, I provide an overview of the contemporary development of civil society in China and briefly describe the data used in this study.

### Civil Society in Contemporary China

The scholarly search for civil society in China began in earnest in the immediate aftermath of the violent suppression of protests in Tiananmen Square in June 1989. Motivated by the explosive social unrest made visible by the demonstrations, in 1993, the journal *Modern China* brought together historians and social scientists to explore the applicability of the civil society concept and the significance of emergent NGOs (Chamberlain, 1993; Huang, 1993; Madsen, 1993; Rankin, 1993; Rowe, 1993; Wakeman, 1993). Since then, others have continued the effort to assess the potential and implications of what appears to be a rapidly growing Chinese civil society (Brook & Frolic, 1997; Chan, 2005; Economy, 2004; Gallagher, 2004; Hsu, 2010; Ma, 2006; Saich, 2000; Salmenkari, 2011; Stalley & Yang, 2006; Unger, 1996; Unger & Chan, 1995; Wang & He, 2004; White, Howell, & Shang, 1996; Wu, 2002; Zhang, 2001; Zhang & Baum, 2004).

Over the past two decades, China has established a panoply of GONGOs, including sports associations, business associations, academic associations, and groups dedicated to other fields of activity (Chan & Qiu, 1999; Foster, 2001, 2002; Ma, 2006; Pearson, 1994; Saich, 2000; Unger, 1996; Unger & Chan, 1995; Wu, 2002). Economy (2004) points to various motives for this phenomenon, including finding resting spots for retired cadres and redundant staff whose jobs were cut during government downsizings. Scholarly treatments of these GONGOs describe ‘bridges’ to the state (Unger, 1996) or organizations that are embedded within government agencies (Foster, 2002; Wu, 2002).

The regulations set out by China’s Ministry of Civil Affairs establish three categories of NGOs (*minjian zuzhi*): social organizations (*shehui tuanti*), which are supposed to be membership based; private non-commercial enterprises (*minban feiqiye danwei*), or simply non-profit organizations that are allowed to conduct business; and foundations (*jijinhui*). The Chinese government has been quite happy to present these organizations as ‘NGOs’ to foreigners in order to attract foreign funding and boost the legitimacy of its GONGOs in the eyes of the world (Economy, 2004; Zhang, 2001; Zhao, 2006). But within China the government has chosen to equate the English term ‘NGO’ with the Chinese term *minjian zuzhi* (roughly, ‘people’s sphere organization’), a rendering that it finds preferable to the literal translation of ‘NGO’ (*feizhengfu zuzhi*), as the prefix ‘non’ (*fei*) can be interpreted in Chinese as ‘anti’ (*fan*).

Given the rapid increase in registered NGO numbers, one might be tempted to conclude that China has experienced an ‘associational revolution’ akin to that identified by Salamon

and Anheier (1997) in other areas of the world. However, the requirement that all properly registered NGOs must first find a supervisory agency is an arrangement designed to allow the government to regulate, organize, and monitor NGOs better. Consistent with the analysis of authoritarianism put forth by Schmitter (1974) and affirmed by Streeck and Kenworthy (2005), scholars have identified China's GONGO establishments as an example of 'state-led corporatism' in which the state recognizes only one sectoral organization and aims to use that organization to maintain communication with that sector of society (Chan, 1993; Economy, 2004; Pearson, 1994; Unger & Chan, 1995, 2008; Yu, 2007).

To be sure, while the autonomy of GONGOs remains a subject of debate (Saich, 2000; Wu, 2002), the corporatist framework clearly works well to describe much of modern China's experience with associational life. The All-China Federation of Trade Unions, the All-China Women's Federation, the Communist Youth League, and other mass organizations were established under the strict control of the Maoist party-state. Although, in practice, these were one-way conduits for instructions from the top to the bottom, rhetorically such groups were to be the special representatives of their various constituencies, bringing the needs of society up to the attention of the leadership while conveying policies and ideology downwards to the masses. Detailed studies of these organizations and their successors allowed Unger (2008) to conclude 'China's major associations were in fact founded by the state and today remain firmly under the control of a state or Party agency. In short, they are state corporatist' (p. 9).

Yet, over the past decade, we can also observe the emergence of real grassroots organizations that do not fit within the corporatist framework, groups that have been neither created by nor officially incorporated into the party-state. Recent work by Keech-Marx (2008), Read (2008), and Zhang and Baum (2004) documents the emergence of women's groups, homeowners associations and rural development NGOs, respectively. Elsewhere (Spires, 2011), I have also focused attention on China's 'bottom-up' grassroots NGOs (*caogen zuzhi*), highlighting a rich and varied un-official civil society that exists in a fragile 'contingent symbiosis' with China's authoritarian government.

### *Identifying Grassroots Groups in an Authoritarian Regime*

What exactly is meant by 'grassroots'? As one sociologist writing about the USA noted recently, 'Few words in the English language conjure up such dramatic images of populism and authenticity as "grassroots"' (Walker, 2009, p. 85). In this study, grassroots organizations are defined by the characteristics attributed to them by my informants. They are not government creations or spin-offs of some government agency looking to push cadres into early retirement or to create an NGO 'hat' for officials to wear when travelling overseas. By and large, they receive neither funding nor tangible assets (like free office space) from government agencies. They are run by local Chinese people and do not answer to headquarters in some other country. They may receive funding from foreign governments or foundations or locally from their founders, volunteers, or members. They may be organized by social elites or by people without a high-school education. They may operate under top-down power structures and clear hierarchies, or they may show a higher degree of internal democracy. They may comprise staff, volunteers, members, or some combination of the three. Lastly, they may be registered with the

government as legal NGOs (*minjian zuzhi*) or as businesses, or they may not register with the government at all, in any form.

Most commonly, people in grassroots NGOs characterize their groups as distinct from ‘those government-run groups’ (*guan ban de neizhong*) or groups ‘with a government background’ (*you guanfang beijing de*). Located outside the vertical control mechanisms the party has tried to impose, grassroots groups are formed by Chinese citizens without the government’s initiative or approval, congealing in the social spaces where the government is absent, impotent, or unwilling to act. Of course, despite the opening (and filling) of these spaces, the extreme political sensitivity of true civil society associations in China and in any authoritarian state should not be underestimated. Because NGOs potentially provide alternative spaces for political organizing and mobilization, they are viewed by some in China’s government as a serious threat. Unregistered groups run the political risk of being branded ‘illegal organizations’, while those registered as businesses risk being shut down for fraudulently presenting themselves as non-profits to their funders and the public.

Nonetheless, the groups that people in China refer to most commonly as grassroots NGOs generally provide some sort of needed social service in fields such as health and disease, labour rights, environment, and education. Some also engage in advocacy or, oftentimes, blur the distinction between advocacy and social service delivery. Given their undeniable contributions to improving the welfare of their communities, such organizations are often tolerated—if not welcomed—by the Chinese state (Spires, 2011).

#### *Data Sources*

The empirical data used in this study are drawn from two main sources: (1) participant observation and interviews with representatives of donors and grassroots NGOs and (2) analysis of the Foundation Center’s online statistical database for grants made to China by US-based grantmakers (see appendix for details).

The bulk of qualitative research for this article was conducted between late 2004 and mid-2007, with some additional data collection between 2008 and 2010. The analysis relies heavily on my own extended participant observation experience as a volunteer with grassroots Chinese NGOs and interviews with people involved in the development of civil society in China, including US and Chinese government officials, US non-profit legal experts, GONGO representatives, grantmaker representatives, and grassroots NGO participants. Altogether, over 160 people contributed their views and perspectives to the analyses presented here. Much of the qualitative data are drawn from closer study of 31 grassroots NGOs, mostly located in Guangdong province but also including some in other areas of China. For grantmakers’ perspectives, I conducted in-depth interviews with 26 people at 17 organizations, including corporate foundations, US government agencies, public charities, and private foundations. Many were interviewed multiple times. Virtually all the interviews in China were conducted in Chinese, and all translations offered here are my own. Due to the need to protect the confidentiality and identities of those involved, specific identifying information is withheld.

#### **Following the Money: From US Foundations to China-based Grantees**

As noted earlier, existing scholarly treatments of civil society in China have generally focused on the rise of GONGOs. Yet, this explicit interest in the party-state’s intentions

for such organizations has been pursued not only to the exclusion of grassroots groups, but also with little attention to the foreign influences that are shaping civil society development.<sup>12</sup> At the turn of the millennium, Howell and Pearce (2001) wrote that civil society in China had received very little attention from foreign donors. While that may have been true at the time, it is clearly no longer the case. Over the past decade, foreign foundations and governments have contributed millions of dollars each year to support a range of causes in China, from civil society building (broadly construed) to HIV-AIDS education. Between 2002 and 2009, US foundations made just under \$443 million in grants to China (see Table 1 for details). During the same period, Germany's Protestant Church Development Service (EED), the Canadian International Development Agency, and the European Union all had active, multi-million dollar grantmaking programmes geared towards Chinese civil society development. Hong Kong is also a regular source of funding for numerous programmes in mainland China through organizations such as Greenpeace, Oxfam Hong Kong, and Partnerships for Community Development.

Data drawn from the Foundation Center's online 'Map of Cross-Border Giving'<sup>13</sup> reveal that China has been a favoured destination of US foundation funding in recent years. Of the international grants authorized between 2003 and 2009, for the full set of 195 countries included in the database, China ranked third in the number of grants received, fourth in the number of distinct recipients, and fifth in the number of foundations that made grants to the country.<sup>14</sup> During the same period, in terms of the absolute amount of monies sent abroad by US grantmakers, China ranked seventh, coming in just behind India, with Switzerland, England, Kenya, Canada, and South Africa leading the way. Given these figures, there is little doubt that China was a strong favourite of US grantmakers in the opening decade of the twenty-first century.<sup>15</sup>

To get the most detailed view possible, I narrowed my Foundation Center search to focus only on grants to mainland China. The available data contained information on grantors, grantees, grant years, and grant amounts for China-based grantees of

**Table 1.** Grant count and share of grant monies to China from US grantmakers by grantee type (2002–2009)

Grantee type	Grant count	Grant monies	% of total grant monies
Academic	1299	\$194,936,626	44.01%
Government	308	\$112,430,506	25.38%
GONGO	539	\$73,611,835	16.62%
Grassroots	188	\$24,862,257	5.61%
INGO	63	\$23,437,939	5.29%
Uncertain	70	\$5,135,531	1.16%
Corporate	60	\$4,563,538	1.03%
SOE	40	\$2,808,317	0.63%
Intergovernmental org. (UN)	5	\$631,000	0.14%
Mass organization	9	\$490,800	0.11%
Religious	2	\$17,000	<0.01%
Total	2583	\$442,925,349	100.00%

*Source:* Based on the Foundation Center's Foundation Directory Online.

**Table 2.** Top 10 Chinese recipients of grants from US grantmakers, by total grant money (2002–2009)

Rank	Total (USD)	Grantee name	Type	Location
1	\$55,266,612	Ministry of Health	Government	Beijing
2	\$18,402,636	Chinese Academy of Agricultural Sciences	Academic	Beijing
3	\$14,152,539	Tsinghua University	Academic	Beijing
4	\$14,108,434	Beijing University	Academic	Beijing
5	\$13,124,044	Ministry of Education	Government	Beijing
6	\$11,168,377	China-Merck Sharp & Dohme HIV-AIDS Partnership	INGO	Beijing
7	\$10,059,557	Chinese Preventive Medicine Association	GONGO	Beijing
8	\$9,999,940	Chinese Association of STD & AIDS Prevention & Control	GONGO	Beijing
9	\$9,383,625	Chinese Academy of Social Sciences	Academic	Beijing
10	\$7,331,026	Beijing Normal University	Academic	Beijing

Source: Based on the Foundation Center's Foundation Directory Online.

US-based foundations in the years 2002–2009. I classified each grantee according to one of the following categories: international NGO; grassroots NGO; government agency; academic institution; SOE (state-owned enterprise); corporate (non-SOE); GONGO; religious; and uncertain. Details of each grant's purpose were not uniformly provided and are not analysed here (see appendix for more details on the identification and classification of grantees).

In total, 86 grantmakers made 2583 grants to 658 distinct grantees, for a total value of \$442,925,349. As shown in Table 1, by total grant value, government-controlled groups were the favourite of grantmakers. Together, academic, government, and GONGO grantees accounted for 86.01% of total grant monies. By contrast, grassroots NGOs received only 5.61% of total grant monies.<sup>16</sup> As a category, academic, GONGO, and government agency grantees received 2146 individual grants or 83% of the total number of grants made.

Table 2 shows that of the grants made to China-based grantees, the top 10 recipients were, again, dominated by government-controlled institutions.<sup>17</sup> Notably, these top 10 recipients took almost 37% of the total value of all grants made.

All of the top 10 China-based grantees were located in Beijing, the national capital, and the broader data also evidence a clear bias towards Beijing-based organizations. Administratively, mainland China comprises 31 autonomous regions and provinces (including a handful of provincial-status cities such as Beijing and Shanghai). As shown in Table 3, of the \$442,925,349 spent on China-based grantees, almost 70%, or \$309 million, went to Beijing-based organizations. To put this in perspective, Beijing's official population in 2010 totalled almost 20 million, or just under 1.5% of China's 1.34 billion overall population ('Beijing's Population', 2011).

The bias towards government-controlled, Beijing-based grantees is overwhelmingly apparent in these data. How to make sense of this pattern is the subject of the remaining sections.

**Table 3.** Top five locations of recipients of grants from US grantmakers, by per cent of total grants (2002–2009)

Rank	Total (USD)	% of Total grants	Province/location
1	\$309,598,495	69.90%	Beijing
2	\$21,748,675	4.91%	Jiangsu
3	\$14,885,959	3.36%	Shanghai
4	\$13,020,962	2.94%	Yunnan
5	\$9,625,232	2.17%	Guangdong
...	...	...	(Other)
Grand total	\$442,925,349		

Source: Based on the Foundation Center's Foundation Directory Online.

### Grassroots NGOs: Central in Rhetoric, Marginalized in Practice

Grassroots NGOs' experience and perceptions of foreign donors reveal much about the gap between funder rhetoric and practice. For one education organization, being a grassroots group has meant being virtually invisible to foreign funders. Mr X, the group's founder and leader, explained to me how, even with elite help, foreign funders were reluctant to help him: 'There is a [Chinese] woman who went to America to study. She used to be a volunteer for us. When she came back she went to work for [an international bank], so she knows all these people [in foundations]'. After she returned to China, this former volunteer approached a large US-based foundation on the group's behalf to solicit funding. 'But they didn't want to give us anything', Mr X says. 'I think they don't like to support these unregistered types of things. And, because we don't have an organization, we're not like a formal NGO, so they're very reluctant to give anything ...' After more than a year of periodic communication with the funder, the group did manage to get a small sum of money. But 'they emphasized repeatedly that this was going to be a one-time thing. ... That guy, Mr. Chen—he's a program officer with [the funder's office] in Beijing—his attitude was like a big government official. I couldn't stand him!'

Another labour NGO leader related the difficulty he faced when his group first began:

When we started, we sent an application for 4,000 yuan (about US\$500) to several foundations, but no one sponsored us. To them, this was a tiny amount of money that they couldn't be bothered with. But for us, that 4,000 was needed to save our lives!

He thinks his grassroots organization was 'too grassroots', so they were unable to vie for the attention of foreign funders. His analysis is quite perceptive. As the head of one foreign foundation said to me, 'We face the same transaction costs whether we make a grant of \$50,000 or \$5000, because our staff back in New York have to do the same amount of paperwork'. That being the case, it is considered more 'efficient' to give larger grants to a smaller number of organizations rather than smaller grants to a larger number of groups.

Space constraints prevent a much-deserved fuller treatment of how non-elite-led grassroots NGOs experience foreign funders. Yet, even grassroots groups led by university graduates often fare poorly. The field of HIV-AIDS and gay rights activism readily

reveals how foreign funders can quickly sacrifice their professed goals of social progress when standing at the crossroads of grassroots, government, and funder interests. As with the gay community that achieved increased visibility in Taiwan in the 1990s (Erni & Spires, 2005), in mainland China, today many sexual minority groups have embraced the term '*tongzhi*' (comrade) as an identity-building or identity-affirming act. The term is broad enough to include the entire LGBT (lesbian–gay–bisexual–transgendered) spectrum of sexual identity and expression familiar to activists outside China.

Despite sharing this seemingly 'global' understanding of LGBT identity, some Chinese gay rights groups have faced great difficulty in obtaining funding from foreign grant-makers. Mr. S., the well-educated and extremely well-spoken founder of a large grassroots gay rights organization in Guangdong, sees his group at a real disadvantage because they do not focus only on education and awareness about HIV-AIDS:

I don't think there's any organization in China that can survive only as a *tongzhi* organization. They have to also be doing HIV-AIDS work, otherwise they won't be able to get funding from outside sources and would have to rely completely on their own resources.

His own group, which has grown from an internet-based organization to a group with real-space activities, now emphasizes HIV-AIDS education, but he does not believe that this should be their sole purpose:

If we could have foundation support, it would be great. I've tried, but they want to do something with a clear [single] goal. But our goals are multiple, not only health and not only equal rights, so, how do you say it? I guess you'd say every time I've tried to ask foundations for money it always seems like our goals and their goals don't quite match up.

To his group, he explained, awareness of LGBT rights issues and identity building are also key goals. He has tried—and failed—to get money from several different foreign foundations. The Gates Foundation, for example, was 'interested in doing work in China... but they said the same as the other foundations—they're only interested in supporting HIV-AIDS work, not *tongzhi* equal rights work'. An inquiry to the Ford Foundation, 'indirectly, through a friend', also ended in failure. 'The response that we got back was that they have been told not to support anything except HIV-AIDS work. They were told not to support *tongzhi* organizations. So because we also do *tongzhi* equal rights work, emphasizing self-acceptance (*ziwo rentong*) and self-awareness (*ziwo juexing*), they're not able to support us'.

Mr S. also blames the political conservatism of foreign funders working in China. He believes that:

the government in Beijing has recently been very concerned about foundation support for HIV-AIDS organizations. The government fears that HIV-AIDS NGOs may take the money and use it for something else... So I think foundations are afraid to fund human rights groups and afraid to touch any organization that's doing human rights work.

*Tongzhi* groups are thus doubly troubled in their efforts to get foreign funding—because they are dealing with human rights issues, and because of their grassroots-ness, even when they are able to engage foreign funders in a discussion about funding, they run into resistance.

Yet, funders' fears of upsetting 'the government' are not wholly substantiated. In reality, Mr S's organization has worked well with several city health departments, centres for disease control, and government-run hospitals in Guangdong. Perhaps because of his charismatic and confident manner, his group's cooperation with the government has been quite positive. The group has played a central role in several government-supported, government-funded HIV-AIDS education activities. They have made a point of using these opportunities to challenge stereotypes and educate government officials and health workers about how to ensure the dignity of LGBT people as they go about their official duties. And despite the purportedly 'sensitive' nature of their work and their failure to register legally as an NGO, they continue to be invited back by government agencies.

The leader of another *tongzhi* organization in Shanghai, who also enjoys close and open relations with local government agencies, received the same reply from one of the above-mentioned funders. Yet, the responses that both *tongzhi* groups received seem to contradict the avowed aims of the funders they approached. The Ford Foundation describes its work in China as characterized by 'a commitment to gender equity; an emphasis on participation as a core value that promotes community-based empowerment; a commitment to a rights approach; support for civil society; and respect for diversity'.<sup>18</sup> The Gates Foundation's self-description leaves it more room for flexibility in denying funding to China's *tongzhi* groups. It claims to support 'research to create and improve health interventions, and strategies to make these interventions accessible to the people who need them most'.<sup>19</sup> While China's identifiable intravenous drug users and sex workers are arguably more numerous than China's identifiable LGBT communities, determining which of these groups is most 'in need' of HIV-AIDS awareness and intervention is far from settled as a matter of ethics or science. Moreover, to deny funding to NGOs that openly nurture the dignity of their members out of fear of 'the government's reaction' is to negate the foundations' own stated funding priorities and to ignore the successful partnerships these grassroots groups have forged with local governments.

### **Contacts, Caution, and Constraints: Grantmakers' Perspectives**

When asked 'How do you find grantees in China?', funders' responses commonly revealed a strong tendency towards established grantees who 'understand what we want to do'. 'Our contacts in China are unsurpassed!' effused one funder, having just described the long historical ties that her corporate foundation has had with Chinese luminaries over the twentieth century—including corporate titans, diplomats, and high-ranking government officials. Such contacts and the networks they imply are useful when making grants to organizations in China, she explained, because:

there has to be some track record. You have to get it vetted by someone. So people will ask around to see who knows these people, who else has funded them. And if someone else says, 'Oh, yeah, I know him. He used to be at such-and-such organization', then it's easier.

In China, she said, 'we know if somebody [amongst their elite contacts] recommends a charity to us, then [the group is OK] because it's coming through somebody we trust'.

Language barriers also serve to push funders towards their elite counterparts in China. In the above-mentioned organization, as with many of those US-based grantmakers making grants to China, 'no one on our staff speaks Chinese or is Chinese, except [a former trustee], before he retired. But on the floor here we do have some Chinese staff in the business area'. (As in the early days of the Rockefeller philanthropies, this corporate foundation and its corporate parent share a floor in a skyscraper.)

Similarly, the head of a family foundation with long-standing ties to Chinese diplomats and government officials explained how, in looking for grantees, 'people introduce you, to go to others. You receive information from people you know of, who know people'. Meanwhile, in terms of language, 'it's always people speaking English . . . More people speak English in China now, but I always use somebody to interpret'. Still, however, all of the group's grantees continue to be government-controlled entities.

Yet, political concerns also figure into the considerations of many foundations. As one funder put it:

[Our foundation] has been very conservative in China. Even our program officers complain sometimes that we've been conservative. That's because we have a long-term view in China. We want to be able to work there for a long time . . . If you have a 10-year trajectory in China, you do a set of things. If you have a 100-year trajectory, you can do other things. We want to be in China for a hundred years, or more . . . I've been a social activist all my life. This is most conservative institution I've ever worked for.

'In China, there's the political system to consider', another advised. More generally,

International donors in China are risk-averse. They have to be. It doesn't mean they're hypocritical . . . We don't work in controversial areas, but we do work in sensitive areas. It's only at the margins that it's unclear . . . We can't deal with non-legal entities without bringing us into disrepute. We're risk-sensitive . . . We want someone who has good standing . . . Often as not, the place to do that are the GONGOs with progressive leaders, not the NGOs.

Despite their avowed commitment to working with civil society, some funders see their choices of government-controlled partners as in line with their broader aims. As the representative of one large funder put it, 'We want to have the maximum possible influence. We're not an operating organization. The only way to influence policy is by influencing the government . . .'. Furthermore, the personal relationships nurtured by these funders are seen as necessary to their success:

We recently have spent a lot of time sharing our experience with other foundations, with government, with NGOs, and academic institutions. They'll invite us to come in, for conferences and informal conversations, too. You know, in China, sometimes informal conversations are most important—you work together, but you're also friends.

Other foundation representatives working in China made a similar case for their choices. Looking to ‘influence policy’ drives them towards larger organizations in some position of power, be they in research institutes, GONGOs, or government agencies.

Institutional constraints are also felt—whether justified or not—by grantmakers based in the USA. When asked why they prefer to go through intermediaries rather than make grants directly to China-based organizations, one corporate foundation representative explained how ‘we have a problem in that we can’t give to non-US nonprofits without jumping through a lot of hoops, so many that I don’t have the staff to do it . . . So we do a lot of our grantmaking to China through [an intermediary based in the US]’. When pressed to explain further, she replied that

First of all, we don’t have the time. Second of all, our Chinese grantees usually don’t get why we’re doing it, why we’re asking them for so much information . . . The rule is that we can only give to the equivalent of US-based nonprofit organizations. We have to ask for *a ton* of financial information, and Chinese grantees aren’t used to keeping that information in the form that the IRS wants it to be in. And frankly, for 50,000 or 100,000 dollars from us, they aren’t that interested in doing all that.

Clearly, the grantees she has in mind are not grassroots groups, as these would welcome ‘50,000 or 100,000 dollars’ as a hugely productive sum of money. Indeed, few of the funders I spoke with choose to exercise ‘expenditure responsibility’ over grantees in China. While they do have this option, it is seen as a costly exercise, and, as another funder told me, ‘most American lawyers don’t speak Chinese’.

One of the exceptions to this general rule, however, is a funder working with impoverished communities of ethnic minorities in China’s restive western provinces. In her experience, she said, the expenditure responsibility process is rather simple:

You send a grantee a letter they have to sign. You tell them that the funding, that they have to keep track of it separately. But it’s not difficult at all. It doesn’t have to be in a separate account even. Even an Excel spreadsheet is fine. So you [the grantee] just have to give a one-page financial report and a narrative report to your funder. Used to, we did a lot of pre-grant due diligence, like equivalency determination, but we do less of that now. Now we just have to pay attention to the post-grant-giving follow-up, to make sure they spend the money as the contract states. We still do [equivalency determination] if it’s a new charity, but we don’t go over their audited financial statements like we used to.

When asked why most foundations prefer to choose ‘established’ organizations as partners, another funder who does exercise expenditure responsibility over grantees and has worked for several foundations in China said ‘They choose the easy way out . . . Our requests for the expenditure responsibility report are quite demanding, but the only thing the IRS needs is a letter saying money has been spent according to the contract . . .’ At the outset, however, she believed that a lack of engagement with people at the grassroots level was the root cause: ‘Not having somebody that knows the area, speaks the language, and that has appreciation of the local culture. I think that’s why [most foundations] don’t do it’.

### **Making Sense of Grantmakers' Choices**

How are we to understand the choices that philanthropic foundations make in their international grantmaking programmes? Why would the conservatism Prewitt (1999) and Jenkins (1998) observed in the USA also seem to hold when grantmakers move overseas, especially when their rhetoric would lead us to expect otherwise?

A casual observer might suggest that a lack of grassroots NGOs would leave funders with few options *but* to give most of their funds to government-controlled organizations. Indeed, despite estimates of millions of 'associations' by some researchers (Wang & He, 2004; Wang & Xi, 2003), between 2005 and 2007, my own efforts to find grassroots groups while conducting intensive fieldwork turned up only about three dozen in all of Guangdong province. More recently, my colleagues and I at the Chinese University of Hong Kong's Centre for Civil Society Studies have identified around 300 grassroots organizations in total across two provinces (Guangdong and Yunnan) and Beijing. Extrapolating to the national population of 1.3 billion, this would imply the existence of at least several thousand grassroots NGOs in China—all potential grantees of foreign donors. Regardless of the numbers, however, the stated priorities of donors would suggest that grassroots groups should be among the first to receive funding and not be overlooked or avoided in favour of GONGOs, academic institutions, and government agencies.

DiMaggio and Powell's (1983) observations on institutional isomorphism would lead us to first examine the institutional constraints that funders face. Their theory holds that organizations inhabiting a certain 'organizational field' will begin to look and act more and more alike—even when it seems not individually rational to do so—because of coercive, normative, and mimetic pressures. For foundations working in the USA, each of these pressures is quite apparent. US grantmakers face a clear set of regulatory constraints that constitute a sort of coercive isomorphism. Normatively, the world of large grantmakers is staffed by elites with shared values and high levels of education who comprise and are responsive to their (sometimes interlocking) boards of trustees. Finally, mimetic isomorphism can be observed in the coherence of standards (concerning accountability, governance, and transparency, among others) promulgated by membership organizations such as the Council on Foundations and Independent Sector and adopted by virtually all prominent members and newcomers to the field.

Given that US-based grantmakers are subject to such isomorphic pressures, they clearly inhabit a defined organizational field in the USA. Once they leave their borders, however, does the institutional isomorphism characteristic of that organizational field hold explanatory power for their overseas behaviour? To some extent, the answer is yes. In order for their international grants to be counted as 'qualified' expenditures, US-based grantmakers are required by US regulations to establish that their foreign grantees are the equivalents of US non-profit charities or to take direct legal responsibility for those grantees' use of grant funds. In this sense, then, even when looking abroad, they are subject to the coercive isomorphism of their home-country government and its attendant organizational field. Indeed, recent studies of other parts of the world have frequently relied on institutional isomorphism as a key framework for making sense of US grantmakers' and INGOs' ventures abroad. Bloodgood (2009), for example, argued that INGOs 'may find some adjustment necessary as they cross national boundaries, but the extent may be growing increasingly smaller' (p. 250), a claim which makes sense for her sample of countries (the USA, the UK, Germany, and Japan), in which NGOs face 'increasingly similar

operating environments' (p. 228). Likewise, Aksartova (2009) argued that a 'coercive isomorphism inherent in the Western grant economy' (p. 184) has shaped the development of civil society in post-Soviet Russia and Kyrgyzstan.

Institutional isomorphism, however, is not sufficient to explain funders' aversion to funding grassroots organizations in China, where there is currently no coherent 'organizational field'—'those organizations that, in the aggregate, constitute a recognized area of institutional life' (DiMaggio & Powell, 1983, p. 148). The explanatory power of institutional isomorphism is predicated on such an *established* (albeit presumably not wholly static) organizational field, yet China's 'non-profit sector' is constantly in flux and lacks the kind of identifiable, fixed set of national practices so evident in the USA. In moving outside the USA to find grantmakers in China, US-based funders could take advantage of this almost rules-free space to pursue their goals of grassroots empowerment. Yet, the evidence shows that they choose not to do so. Under US law, US-based donors could choose to fund unregistered Chinese NGOs, as long as they supervise their expenditures closely enough to satisfy US regulators that such organizations are indeed serving the public good and are not terrorist organizations. In this sense, the organizational field that constrains them in the USA is more flexible than their behaviour would suggest.

Rather than looking exclusively at insights from institutional isomorphism to explain funder behaviour in China, my data suggest that organizational homophily can help illuminate the dynamics driving funders towards government-controlled organizations. As extant studies of foundations would lead us to expect and interviews with US grantmakers confirm, personal preferences for similarly placed elites—'people we can work with'—coupled with the habitual practice, developed in the funders' home country, of funding professionalized, properly registered non-profit organizations play an important role in funnelling funds towards non-grassroots grantees. Thus, while institutional isomorphism undeniably shapes the rules of the game in funders' home countries, their home countries' habits of working with professionalized, hierarchical organizations and their personal preferences for elites heavily influence their behaviour in China.

Structurally, by limiting which groups are allowed to register and obtain donations (grants) from overseas funders, the Chinese government also contributes to formalizing and institutionalizing the organizational homophily observable in the 'natural' relations between foreign donors and grantees in China. Although there are cases of unregistered grassroots NGOs receiving money from overseas to support their work, the Chinese party-state's leadership has a clear interest in regulating civil society growth and attempting to ensure that monies flow only to approved organizations.

The priority given to Beijing-based grantees may reflect a bias towards organizations that are deemed 'safe', as many recipients are under the direct or indirect control of China's central government. At the same time, in a self-reinforcing cycle, the elite leaders of US foundations—who from time to time may find themselves in and out of positions of political importance in the USA—look to Beijing as the natural place to begin their grantmaking efforts in China, for it is in the political capital that they can find recipients who match their status and influence in the USA.

I have argued here that institutional constraints and personal preferences conspire to create organizational homophily and work to systematically disadvantage grassroots groups. There are many questions that this study leaves unanswered. First, it remains to be seen whether organizational homophily also characterizes the behaviour of US

funders seeking grantees in other countries. It is also unclear how much China's authoritarian system serves to actually preclude grantmaking to grassroots groups, or whether the situation would be different in a freer, more democratic China. At present, questions about the impact of political context are perhaps best pursued through comparative studies with US grantmaking to other countries. It may also be that the biases found here may hold true mainly for the larger US-based donors and that smaller, more flexible, 'risk-taking' donors may be more actively supportive of grassroots groups. It would seem likely, though, that in the absence of a grassroots-to-grassroots philanthropic movement, elite-led American foundations will continue to prioritize their social and political counterparts when looking to extend their philanthropic reach to other countries.

Ultimately, while there are multiple possible strategies for foreign donors who wish to nurture a 'better' Chinese society, pursuing systemic change through influencing policy is one potentially effective way to improve the lives of literally a billion people. Clearly, however, when US-based funders ignore their own stated commitments to civil society organizations, and when they favour officially sanctioned, professionalized, and bureaucratic grantees that look and talk much like themselves, they are missing the opportunity to support some of China's most promising grassroots groups and the visionary people who lead them.

### Acknowledgements

The author thanks Deborah Davis, Kai Erikson, John Nguyet Erni, Eli Friedman, Rachel Stern, Ling-Yun Tang, Lin Tao, and the *Journal's* anonymous reviewers for their encouragement and helpful suggestions for revision. This research was supported in part by the Yale Council on East Asian Studies Dissertation Fellowship and a Direct Grant from The Chinese University of Hong Kong.

### Notes

1. From the Annenberg Foundation website. Available at [http://www.annenbergfoundation.org/about/about\\_show.htm?doc\\_id=209617](http://www.annenbergfoundation.org/about/about_show.htm?doc_id=209617) (accessed 23 March 2011).
2. From the Gates Foundation website. Available at <http://www.gatesfoundation.org/global-health/Pages/hiv-prevention-china.aspx> (accessed 27 March 2011).
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4. From the Ford Foundation website. Available at <http://www.fordfound.org/global/office/index.cfm?office=Beijing> (accessed 20 October 2006).
5. From the Ford Foundation website. Available at <http://www.fordfound.org/global/office/index.cfm?office=Beijing> (accessed 20 October 2006).
6. All of these are required if the funder wishes the grant amount to count towards its 5% payout requirement, but generally suggested in any case. Also, see IRS guidelines at <http://www.irs.gov/charities/foundations/article/0,id=137613,00.html>.
7. In addition to constraints imposed by IRS regulations and other public information mechanisms, after the terrorist attacks of 11 September 2001, US-based non-profit organizations of all stripes came under pressure from Washington to ensure that their monies are not used for or diverted to terrorist causes.
8. See details (in Chinese) at [http://news.xinhuanet.com/zhengfu/2004-03/18/content\\_1372870.htm](http://news.xinhuanet.com/zhengfu/2004-03/18/content_1372870.htm) (accessed 1 December 2010).
9. See details (in Chinese) at [http://news.xinhuanet.com/politics/2008-11/26/content\\_10415607.htm](http://news.xinhuanet.com/politics/2008-11/26/content_10415607.htm) (accessed 1 December 2010).

10. The regulations on social organizations currently in effect were issued in 1998. See details (in Chinese) at <http://www.people.com.cn/item/flfgk/gwyfj/1998/112103199803.html> (accessed 1 February 2011).
11. See appendix for details on the identification of grassroots groups.
12. It is, however, common in much of this literature to cite the 1995 UN Women's Conference, held in Beijing, as an event that stimulated official and un-official discussion of civil society and NGOs (see Zhang, 2001). Also, the China Development Brief's (2002) 'Directory of International NGOs in China' was an early effort to document INGOs in China. Ma (2006) discussed the influence of 'INGOs' in China during the 1990s but did not distinguish between operational organizations and non-operational funders. Yang (2004) offered a brief discussion of international impacts on China's environmental movement.
13. See [www.foundationcenter.org](http://www.foundationcenter.org) for details.
14. Accessed via: <http://foundationcenter.org> on 6 June 2011. Although the data generated by the Map of Cross-Border Giving do not distinguish between grantees in mainland China, Hong Kong, and Macau, separate calculations found that just under 7% of total 'China' grant monies went to Hong Kong- and Macau-based grantees in the 2003–2009 period. Reducing the value of each data total by 7% (effectively removing the non-mainland grantees) yields no change in the rankings presented here except that (mainland) China drops to the fifth position in the number of distinct recipients. Note: International comparative data for 2002 were unavailable in the Map of Cross-Border Giving without contracting for special research services from the Foundation Center and are not included here.
15. A separate analysis (not shown here) that removes the \$99 million in grants made by the Gates Foundation—to a relatively small number of grantees—makes little difference in these figures, as China still ranks in the top 10 of every category.
16. Some monies do flow *indirectly* to some grassroots groups, as I discovered myself with a few of the NGOs I studied, but it is likely that any indirect flows are in rather small amounts relative to what direct grantees receive.
17. Again, removing the \$99 million in Gates Foundation grants makes little difference as the majority of the top 10 recipients remain government-controlled groups.
18. From Ford's website: <http://www.fordfound.org/global/office/index.cfm?office=Beijing> (accessed 20 October 2006).
19. From the Bill and Melinda Gates Foundation's website, via [http://www.gatesfoundation.org/GlobalHealth/Grantseekers/GH\\_Strategy/Strategy\\_Grantmaking.htm](http://www.gatesfoundation.org/GlobalHealth/Grantseekers/GH_Strategy/Strategy_Grantmaking.htm) (accessed 1 February 2007).

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### Appendix. Notes on identification of grantees

Statistical data for the years 2003–2009 were downloaded from the Foundation Center's Foundation Directory Online Professional database (via [www.foundationcenter.org](http://www.foundationcenter.org)) on 26 January 2011. This electronic database provides grants information on 100,000 US-based grantmakers, including private and community foundations, corporate foundations, and grant-making public charities. Approximately half the included grants are for less than \$10,000, but all grants are at least US\$1000. While the Foundation Center's database does not include all US-based foundations or the grants they make, it is the most comprehensive and representative database of its kind.

In total, the database query for 'China' as the recipient country between 2003 and 2009 returned 2544 grants. For all the grants, the database search returned information including: the name of the grantmaker; the US state in which the grantmaker is located; the year the grant was authorized; the amount of the grant; and the grantee's name. For the majority of grants, the database also provided the city in which the grantee is located, the general purpose of the grant, and a more detailed description of the grant.

Data for 2002 were downloaded on 19 November 2006 and cover an additional 181 grants. These were integrated into the larger data set for a grand total of 2725 grants over a period covering 2002–2009.

For ease of analysis, I assigned each grantmaker and each grantee a unique identification number. I further studied the grantees listed to identify organizations that, while showing up as distinct entities in the database, were in fact the same grantee. I found that the names of a few grantee organizations were entered differently by different grantmakers in their submissions to the Foundation Center or sometimes differently in different years by the same grantmaker (e.g. '[Province name] CDC' and 'CDC of [Province name]'). Likewise, I identified some grantees whose name had changed over time, like the 'State Family Planning Commission', which became the 'National Population and Family Planning Commission'. For each case of this sort, I assigned the organization a single numerical identification code so as to prevent it from being misidentified in the analysis as two (or more) distinct groups.

All grantees based in Hong Kong, Macau, or Taiwan were removed from the dataset prior to analysis. After this filtering process, the total set of valid grants to mainland China-based grantees during the 2002–2009 period numbered 2583.

For the purposes of this study, each grantee in the Foundation Center database was classified as one of the following: INGO; grassroots NGO; government agency; academic institution; corporate–private; SOE; GONGO; religious; and uncertain. The 'uncertain' category includes organizations not clearly qualifying for one of the other categories as well as organizations whose background or nature could not be ascertained.

For government agencies, academic institutions, and GONGOs, the name of the organization itself – e.g. the Ministry of Health (government agency) – or its reputation in the field – e.g. the China Charity Federation (GONGO) – was used as the guiding determinant of its classification. Likewise, INGO branches or operations in China were identified primarily through name recognition. The 'corporate–private' category refers to private enterprises that could be distinguished from SOEs and from commercially-registered grassroots NGOs.

The overriding definition of ‘grassroots NGO’, as understood locally (and broadly) in China, is that the group should be a charitable, non-profit organization created independently of any government agency. Given my own experience of over 6 years of research in this field of study and the relatively small number of non-government-originated entities who actually received grants, identifying which groups should be placed into the grassroots category was fairly straightforward. For groups with which I was unfamiliar, I searched online for descriptions, reports, and websites, and postings referring to the group. In the few instances where such efforts were inconclusive, I enlisted the help of personal contacts in the group’s general field (e.g. another environmental NGO) or contacts working in the same geographic area (e.g. Gansu province). In almost all cases, the grantees were known to one or more of these contacts as either GONGOs or grassroots NGOs and classified accordingly. Any groups whose origins and identity remained unclear were labelled ‘uncertain’.

For the sake of consistency, research institutes and academies that are part of a government entity (e.g. the Energy Research Institute of the National Development and Reform Commission, the Chinese Academy of Social Sciences) were classified as ‘academic’. While some organizations use ‘research centre’ in their name, they may in fact be for-profit businesses or grassroots NGOs. Likewise, some ‘institutes’ are actually for-profit private companies, not academic research institutions as their English and Chinese names may suggest. All efforts were made to distinguish between these. Research organizations with clear commercial affiliations, such as the SINOPEC Research Institute of Petroleum Processing, were classified as SOEs rather than academic institutes. Organizations such as Centers for Disease Control and hospitals were included in the ‘government’ category.

A few ostensibly international NGOs, like the Red Cross and the Lions Club, were problematic. In the case of the former, it is widely recognized in China as a GONGO and was classified as such. For the latter, although it has foreign origins the organization’s founders in China are mostly Chinese entrepreneurs. It was thus classified as ‘grassroots’.

Online sources of information included databases such as the one provided by China AIDS Info., the China Development Brief’s (2001) ‘250 NGOs: Civil Society in the Making’, and other third-party grantmakers and related NGO websites. Importantly, a key online resource for information was the grantees’ own websites. Identifying GONGOs through web searches was in many cases quite simple. Some prominently identify themselves as such – for example, as ‘a registered NGO directly established by the XXX government agency’ – in order to project an image of authority or political support. In the same vein, although many small grassroots organizations do not have or maintain websites, many of the grantees favoured by US donors do. Such public websites allow these grantees to present a ‘professional’ image as legitimate non-profit organizations and to fulfil donors’ expectations regarding accountability and transparency. Websites often outline the grantees’ prior achievements as well as listing former or current donors, information that functions as a ‘testimonial’ to attract the confidence and financial support of new donors. As compared to many GONGOs, a gap of a number of years between a group’s founding and its registration under the Ministry of Civil Affairs is an important indicator of grassroots origins.